

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (the "Agreement") is entered into this 31st day of December, 1987, by and between MASS MERCHANTS, INC. ("MASS"), an Indiana corporation, and McKESSON CORPORATION ("McKESSON"), a Maryland corporation (hereinafter collectively, "MMI") on the one hand and HALLIE C. ORMOND, C. C. GRISHAM, MARY JO GRISHAM and MARY F. BURKE (hereinafter collectively, "the ORMOND GROUP") on the other hand.

Recitals

1. On or about May 12, 1986, MASS and the United States Environmental Protection Agency, Region VI ("EPA"), executed an Administrative Order on Consent, Docket Number CERCLA VI-6-86, whereby MMI agreed to undertake a Remedial Investigation/Feasibility Study ("RI/FS") of the Arkwood, Inc. site, a parcel, owned by MARY F. BURKE, of approximately twenty (20) acres of land south of the town of Omaha, in Boone County, Arkansas, bound on the north by a Missouri Pacific Railroad siding, on the south and west by a paved road, and on the east by Highway 65, as shown in Exhibit "1" hereto, or whatever enlarged or reduced parcel an applicable governmental entity deems to be within the RI/FS or cleanup area ("the Site").

2. On or about September 19, 1986, MASS filed a Cross-Complaint in that certain action entitled Arkansas Department of Pollution Control and Ecology v. Ormond, et al., in the Chancery Court of Boone County, Arkansas, Action No. E-86-293 ("Action E-86-293"), against certain members of the ORMOND GROUP and a dissolved corporation, Arkwood, Inc.

3. On or about September 11, 1986, certain members of the ORMOND GROUP, filed a cross-complaint in said Action E-86-293

against MASS, and a dissolved corporation, Mountain Enterprises, Inc., together with a third-party complaint against McKESSON.

4. On or about December 1, 1987, the United States District Court, Western District of Arkansas, Harrison Division, entered an Order granting the motion of MASS to intervene in the action of the United States of America, Civil Action No. 87-3034 against certain members of the ORMOND GROUP ("Action 87-3034").

5. The foregoing Actions and causes of action alleged therein involve disputed questions of fact and law, and the parties hereto now wish fully and finally to compromise and settle certain past and present claims, controversies and disputes between them.

NOW, THEREFORE, in consideration of the following terms, covenants, and conditions, the parties agree as follows:

ARTICLE 1

Payment to MMI

Upon execution of this Agreement and of a Site Agreement in the form set forth in Exhibit "2" hereto, the ORMOND GROUP shall deliver a certified bank or cashier's check in the amount of Two Hundred Thousand Dollars (\$200,000), payable to the order of MASS, to the Law Department of McKESSON, Attn.: Dinah L. Darman, Senior Counsel, which shall be held by said attorney in trust and not cashed until the dismissals provided for herein have been filed.

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Page 2

ARTICLE 2

Dismissals

Section 2.1 Upon execution of this Agreement, MASS shall forthwith cause to be entered dismissals with prejudice of its cross-complaint in Action E-86-293, and of its complaint in intervention in Action 87-3034, and shall send file-endorsed copies of said dismissals to Bill F. Doshier, Esq., Doshier & Bowers, 215 West Rush, Harrison, Arkansas 72601.

Section 2.2 Upon execution of this Agreement, the ORMOND GROUP shall forthwith cause to be entered dismissals with prejudice of their cross-complaint and third-party complaint in Action E-86-293, and shall send file-endorsed copies of said dismissals to the Law Department of McKESSON, Attn.: Dinah L. Darman, and to Allan Gates, Esq., of Mitchell, Williams, Selig & Tucker.

ARTICLE 3

Release of Certain Claims by MMI

Section 3.1 Subject to Sections 3.2 and 3.3 hereinbelow, MMI, on behalf of themselves and on behalf of their past, present and future parent and subsidiary corporations, officers, directors, employees, predecessors, successors, assigns, agents and representatives, and each of them, hereby release and forever discharge the ORMOND GROUP and each of them and their past, present and future descendants, heirs, partners, employees, agents, representatives, and any other person, firm, or corporation with whom any of them is now or may hereafter be affiliated, including, without limitation, Arkwood, Inc., and each of them (hereinafter collectively, "ORMOND GROUP Releasees"), from any and all claims, demands, obligations, losses, causes of action, damages, penalties, costs, expenses, attorneys' fees, liabil-

ities, and indemnities of any nature whatsoever (hereinafter collectively "Claims"), whether based on contract, tort, statute or other legal or equitable theory of recovery, whether known or unknown, which MMI had, now have, or claim to have, or which may arise in the future, against the ORMOND GROUP Releasees arising in whole or in part out of or in any way connected with the Site.

Section 3.2 MMI expressly reserve and do not release the ORMOND GROUP Releasees from any Claims whatsoever for contribution to, or indemnification against, claims of non-governmental entities against MMI arising in whole or in part out of or in any way connected with the Site.

Section 3.3 MMI do not release or discharge the insurance companies which issued insurance policies to the ORMOND GROUP or any of them, or Arkwood, Inc., from any Claims whatsoever, and no provision of this Agreement shall be construed to have said effect.

Section 3.4 MMI expressly waive any right or claim of right to assert hereafter that any Claim released under Section 3.1 has, through ignorance, oversight or error, been omitted from the terms of this Agreement, or that releases such as those herein given do not apply to unknown or unstated claims. MMI expressly waive the provisions of Section 1542 of the Civil Code of California (and all similar laws of other jurisdictions), which provides:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Subject to Sections 3.2 and 3.3, MMI accept the risks that, subsequent to the execution of this Agreement, they will incur

damage or loss they deem in some way attributable to the ORMOND GROUP Releasees' prior actions which are unknown and unanticipated at the time this Agreement is executed, that damages presently known may become greater than is now anticipated, or that the facts they currently allege may be found hereafter to be different from the facts now believed by them to be true.

ARTICLE 4

Release of Certain Claims by the ORMOND GROUP

Section 4.1 Subject to Articles 5 and 6, the ORMOND GROUP, on behalf of themselves and on behalf of their past, present and future descendants, heirs, partners, employees, insurers, predecessors, successors, assigns, agents, representatives and Arkwood, Inc., and each of them, hereby release and forever discharge MMI and each of them and MMI's past, present and future parent and subsidiary corporations, divisions, affiliates, partners, joint venturers, stockholders, predecessors, successors, insurers and insurance adjusters (other than those relating to policies purchased by the ORMOND GROUP, or any of them, or Arkwood, Inc.), assigns, officers, directors, employees, agents, representatives, and any other person, firm or corporation with whom any of them is now or may hereafter be affiliated, including, without limitation, Mountain Enterprises, Inc., and each of them (hereinafter, "MMI Releasees"), from any and all claims, demands, obligations, losses, causes of action, damages, penalties, costs, expenses, attorneys' fees, liabilities, and indemnities of any nature whatsoever (hereinafter collectively "Claims"), including, without limitation, claims for bad faith, whether based on contract, tort, statute (including without limitation, California Insurance Code §790.03 and similar laws of other jurisdictions) or other legal or equitable theory of recovery, whether known or unknown, which the ORMOND GROUP had, now have, or claim to have, or which may arise in the

future, against the MMI Releasees arising in whole or in part out of or in any way connected with the Site.

Section 4.2 The ORMOND GROUP expressly waive any right or claim of right to assert hereafter that any Claim released under Section 4.1 has, through ignorance, oversight or error, been omitted from the terms of this Agreement or that releases such as those herein given do not apply to unknown or unstated claims. The ORMOND GROUP expressly waive the provisions of Section 1542 of the Civil Code of California (and all similar laws of other jurisdictions), which provides:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

The ORMOND GROUP accepts the risks that, subsequent to the execution of this Agreement, it will incur damage or loss it deems in some way attributable to the MMI Releasees' prior actions, which are unknown and unanticipated at the time this Agreement is executed, that damages presently known may become greater than is now anticipated, or that the facts they currently allege may be found hereafter to be different from the facts now believed by them to be true.

ARTICLE 5

Agreement to Indemnify

With the exception of fines and penalties arising out of the past actions or inactions of the ORMOND GROUP, or any of them, MASS agrees to fully defend, indemnify and hold harmless the ORMOND GROUP and Arkwood, Inc., and each of them, from and against claims, whether known or unknown, of (a) governmental

entities for the investigation or cleanup of the Site, including, without limitation, those related to past and future expenses, and (b) non-governmental entities claiming to have suffered personal injury or property damage due solely to the Site investigative or cleanup efforts of MASS; provided, however, that nothing contained in this Agreement shall be construed to impose upon MMI or their insurance companies any duty to defend, indemnify or hold harmless any company from whom the ORMOND GROUP, or any of them, or Arkwood, Inc. purchased insurance policies. MMI agree to use their best efforts not to act or fail to act with regard to the Site in a manner which would cause EPA, the Department of Justice or any other governmental entity, its staff, employees or counsel (hereinafter collectively, "governmental entity") to attempt to levy or assess such a fine or penalty.

ARTICLE 6

Insurance Matters

Section 6.1 The ORMOND GROUP hereby waive any entitlement whatsoever to claim coverage under any insurance policy purchased by MMI or Mountain Enterprises, Inc., in connection with any matter whatsoever.

Section 6.2 Subject to Sections 6.3 and 6.4, the ORMOND GROUP hereby assign, sell and convey to MMI all of their rights, title and interest under all insurance policies purchased by the ORMOND GROUP, or any of them, or Arkwood, Inc., ("the ORMOND GROUP Policies") insofar as said policies pertain, or may pertain, to the Site.

Section 6.3 With regard to the ORMOND GROUP Policies, MMI shall promptly upon receipt pay over to the ORMOND GROUP a sum equal to twenty-five percent (25%) of any amount received in

indemnity payments under said policies, whether by way of settlement, judgment or otherwise, net of the fees and costs MMI expends (excluding MMI's oversight and internal costs such as salary, office and travel expense, and including amounts MMI pay the ORMOND GROUP, or any of them, under Section 9.2) to obtain such amount.

Section 6.4 The ORMOND GROUP expressly reserve the right to claim coverage and a defense under the ORMOND GROUP Policies with respect to claims of non-governmental entities in connection with the Site.

Section 6.5 The ORMOND GROUP agree to cooperate fully in any effort of MMI to obtain coverage and a defense under the ORMOND GROUP Policies, by, without limitation:

(a) Permitting MMI to direct, in its sole discretion, the course of those certain cases entitled C.C. GRISHAM, et al., v. MARYLAND CASUALTY COMPANY, pending in the 150th Judicial District, Bexar County, Texas, No. 87-CI-04587, and Maryland Casualty Company v. HALLIE C. ORMOND, pending in the United States District Court, Western District, Arkansas, Harrison Division, No. 87-3038 (hereinafter, collectively, "the Coverage Cases"), at MMI's sole expense, whatever said course shall be;

(b) Fully cooperating with MMI in connection with the Coverage Cases, as more fully set forth in Section 9.2; and

(c) Taking whatever reasonable steps MMI deem necessary in order to maximize the obtainment of defense and coverage under the ORMOND GROUP Policies.

Section 6.6 MMI, in their sole discretion, may dismiss the Coverage Cases at any time.

ARTICLE 7

Assignment of Claims and Easements

Section 7.1 Subject to Sections 6.3 and 6.4, the ORMOND GROUP hereby assign, sell, and convey to MASS all of their rights, title and interest in and to all Claims they may have against third parties in connection with the Site, including, without limitation, any Claims they may have against the manufacturers of Pentachlorophenol or Creosote, or a governmental entity; provided, however, that the ORMOND GROUP expressly reserve the right to assert claims against a governmental entity in the event that a governmental entity attempts to collect fines or penalties in connection with the past actions or inactions of the ORMOND GROUP. Except in the case of such assertions against governmental entities in connection with fines or penalties ("assertions"), the ORMOND GROUP grant to MASS and its designated agents, attorneys or assigns, full power and authority to pursue and collect said Claims and to receive payment thereon, to maintain action thereon, and to do all things which might be done with respect to said Claims. In the event of an assertion, the ORMOND GROUP will pay MASS the amount by which the sum collected exceeds the fine or penalty, net of the fees or costs the ORMOND GROUP expends in connection with the assertion.

Section 7.2 The ORMOND GROUP hereby assign, sell and convey to MASS any easements or rights of entry it may have in connection with the Site, including, without limitation, that obtained from Rose Birmingham as set forth in Exhibit "3" hereto.

ARTICLE 8

Site Matters

With regard to the Site, MASS and the ORMOND GROUP will contemporaneously herewith enter into an agreement in the form embodied in Exhibit "2".

ARTICLE 9

Retention of Records and Cooperation

Section 9.1 The ORMOND GROUP shall retain permanently, and make available to MMI within fifteen (15) days of their receipt of MMI's request, in readily identifiable and obtainable form, all of their files, books and records relating to the Site, including, without limitation, those pertaining to Arkwood, Inc. or its predecessor operators of the Site, and the Ormond Group Policies.

Section 9.2 The ORMOND GROUP shall cooperate with MMI and their counsel, experts, accountants, insurers and other representatives in connection with the Site by, among other things, (a) promptly making themselves and their representatives available to MMI, without the necessity of a subpoena, (b) not conferring with regulatory agencies, or making statements to the press, without MMI's prior written consent, (c) otherwise providing assistance as MMI requests in connection with the Site; provided, that MMI shall reimburse the ORMOND GROUP for its reasonable out-of-pocket expenses (not including wages or salary or other compensation for time) in providing such cooperation requested in writing by MMI and shall pay C. C. GRISHAM a \$400 per diem when his requested assistance requires him to leave Dallas and is not related to a litigation matter.

Section 9.3 The ORMOND GROUP acknowledge that breach of their obligations under Sections 9.1 and 9.2 may cause irreparable loss to MMI and that damages may be impossible to ascertain, and hereby consent to the granting of equitable relief by way of temporary, preliminary and permanent injunctive relief by a court of competent jurisdiction, to prohibit such breach and compel performance of such obligation.

ARTICLE 10
Miscellaneous

Section 10.1 The parties each warrant and represent to the other that none of them has heretofore assigned or transferred or purported to assign or transfer to any person or entity not a party hereto any released matter or any part or portion thereof, and each agrees to indemnify and hold harmless the other from and against any claim based on, in connection with or arising out of any such assignment or transfer or purported or claimed assignment or transfer.

Section 10.2 This Agreement shall be binding on, and inure to the benefit of the successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any person or entity other than the parties hereto or their respective successors and assigns, any rights or benefits under or by reason of this Agreement. This Agreement shall not be assignable by any party hereto without the written prior consent of the other party. No such permitted assignment shall relieve a party of any of its obligations under this Agreement.

Section 10.3 The parties acknowledge and agree that the payment and acceptance of said settlement sum and the execution of this Agreement are the result of compromise and are entered into in good faith and shall never for any purpose be considered an admission of liability or responsibility concerning any of the claims referred to in Actions E-86-293 and 87-3034, and no past or present wrongdoing on the part of any of the parties shall be implied by such payment or execution. Each party shall maintain in confidence any information disclosed to it by the other party in the negotiations leading to this settlement, the contents of this Agreement and the consideration therefor (hereinafter collectively referred to as "such information") and shall take every precaution to prevent disclosure of such information to

third parties, provided, (a) that MMI may disclose such information to their insurance companies and to the representatives of the former shareholders of MASS, and (b) that MASS may give a copy of this Agreement (in draft or final version) to EPA. Without limiting in any way the foregoing, the parties specifically agree not to issue any press releases or other public announcements regarding such information or the fact of the settlement. Each party shall take every precaution to disclose such information only to those employees, officers, directors and accountants who have a reasonable need to know such information. Any such information may be disclosed if the party is required to disclose it by legal process or for other appropriate legal reasons.

Section 10.4 This Agreement and the Site Agreement represents and contains the entire agreement and understanding among the parties hereto with respect to the subject matter of this Agreement, and supersedes any and all prior oral and written agreements and understandings, and no representation, warranty, condition, understanding or agreement of any kind with respect to the subject matter hereof shall be relied upon by the parties unless expressly incorporated herein. This Agreement may not be amended or modified except by an agreement in writing signed by the party against whom the enforcement of any modification or amendment is sought.

Section 10.5 Each of the parties hereto shall pay its own past expenses, including court costs, legal and expert fees, incurred in the prosecution and defense of the foregoing Actions, or otherwise incurred in connection with the Site, or incurred in the negotiation, preparation and execution of this Agreement or the Site Agreement. Subject to Article 5, MMI shall pay all past governmental expenses whether known or unknown.

Section 10.6 IN ENTERING INTO THIS AGREEMENT, THE PARTIES REPRESENT THAT THEY HAVE RELIED UPON THE LEGAL ADVICE OF THEIR ATTORNEYS, WHO ARE THE ATTORNEYS OF THEIR OWN CHOICE. THE PARTIES FURTHER REPRESENT THAT THE TERMS OF THIS AGREEMENT HAVE BEEN COMPLETELY READ AND EXPLAINED TO THEM BY THEIR ATTORNEYS, AND THAT THOSE TERMS ARE FULLY UNDERSTOOD AND VOLUNTARILY ACCEPTED BY THEM.

Section 10.7 Each party and counsel for each party have reviewed this Agreement and accordingly the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

Section 10.8 In the event that one or more of the provisions, or portions thereof, of this Agreement are determined to be illegal or unenforceable, the remainder of this Agreement shall not be affected thereby and each remaining provision or portion thereof shall continue to be valid and effective and shall be enforceable to the fullest extent permitted by law.

Section 10.9 This Agreement is entered into in the State of Arkansas and shall be construed and interpreted in accordance with its laws.

Section 10.10 This Agreement may be executed in any number of counterparts each of which shall be deemed to be an original, and all of which together shall be deemed one and the same instrument.

Section 10.11 This Agreement may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against, any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of this Agreement.

Section 10.12 Any and all disputes concerning, arising out of, or related to this Agreement or the performance thereof shall be determined exclusively by arbitration in accordance with the then obtaining rules of the American Arbitration Association. Demand for arbitration, stating the basis therefor, shall be given to the other party in writing at least thirty (30) days prior to the date scheduled for submission of the matter to arbitration. Such arbitration shall be conducted exclusively in San Francisco County, California, and the prevailing party shall be entitled to recover its costs and a reasonable attorneys' fee.

Section 10.13 All notices given or required to be given hereunder shall be sufficient, if in writing and sent by certified mail, return receipt requested, addressed to the representative of the party, in the case of MMI to:

McKesson Corporation
One Post Street
San Francisco, CA 94104
Attn: Office of the General Counsel

and in the case of the ORMOND GROUP to

C. C. Grisham
3525 Turtle Creek Boulevard
Apartment 3-C
Dallas, TX 97219

- and -

Bill Doshier, Esq.
Box 1797
Harrison, AR 72601

All notices shall be deemed given when mailed. Either party by notice as provided herein may change the address to which subsequent notices may be sent.

Section 10.14 The descriptive headings in this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

MASS MERCHANDISES, INC.

By 

McKESSON CORPORATION

By 

Hallie C. Ormond
HALLIE C. ORMOND

C. C. Grisham
C. C. GRISHAM

Mary Jo Grisham
MARY JO GRISHAM

Mary F. Burke
MARY F. BURKE

By C. C. Grisham
C.C. Grisham, Attorney in Fact,
copy attached

APPROVED AS TO FORM AND CONTENT:

MITCHELL, WILLIAMS, SELIG & TUCKER

By 

Allan Gates
Attorneys for MMI

DOSHIER & BOWERS

By 

Bill F. Doshier
Attorneys for the ORMOND GROUP

DURABLE POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That I, MARY F. BURKE, of Dallas, Texas, do hereby appoint C. C. GRISHAM, of Dallas, Texas, as agent and attorney in fact for me and in my name to: act for me in all my financial and personal matters and to have full authority to receive and cash all checks and credits due me; receive all monies and credits due and owed to me; pay all my obligations; receive all information on my accounts at any banking institution and withdraw any part or all of any account; enter any lock box I may have rented at any institution; endorse my name to any instrument bearing my name as payee; sign my name to any document requiring my signature; make decisions for me in any and all matters, affairs, projects, suits, claims, litigation and negotiations in which I am interested or am a party to; and particularly to represent me and my interests in all matters in Arkansas, and to do all things necessary to conduct my business; and I hereby ratify and confirm all that my said agent may do in said premises.

This Power of Attorney shall be effective immediately and shall not be affected by subsequent disability or incapacity of the principal pursuant to Arkansas Statute 58-701.

Section 10.14 The descriptive headings in this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

MASS MERCHANDISERS, INC.

By _____

MCKESSON CORPORATION

By _____

HALLIE C. ORMOND

C. C. GRISHAM

MARY JO GRISHAM

MARY F. BURKE

By _____
C.C. Grisham, Attorney in Fact,
copy attached

APPROVED AS TO FORM AND CONTENT:

MITCHELL, WILLIAMS, SELIG & TUCKER

By  _____
Allan Gates
Attorneys for MMI

DOSHIER & BOWERS

By _____
Bill F. Doshier
Attorneys for the ORMOND GROUP

DECLARATION OF ATTORNEY

I, Allan Gates, am an attorney licensed to practice in the State of Arkansas, and am a member of the firm of Mitchell, Williams, Selig & Tucker. I have fully explained the foregoing Agreement to my clients, who have acknowledged to me that they understand it and its legal effect and informed me that the signatures which appear on the preceding page are the signatures of persons with authority to bind my clients. I recognize that a material term of the Agreement is the confidentiality clause and that the ORMOND GROUP intends me to be bound by it, and I so agree.

Executed this 31st day of December, 1987, at Little Rock, Arkansas.

I declare under penalty of perjury that the foregoing is true and correct.

A handwritten signature, likely of Allan Gates, is written over a horizontal line.

DECLARATION OF ATTORNEY

I, Bill F. Doshier, am an attorney licensed to practice in the State of Arkansas, and am a member of the firm of Doshier & Bowers. I have fully explained the foregoing Agreement to my clients, who have acknowledged to me that they understand it and its legal effect and informed me that the signatures which appear on the preceding page are their personal signatures. I recognize that a material term of the Agreement is the confidentiality clause and that MMI intends me to be bound by it, and I so agree.

Executed this 31 day of December, 1987, at Harrison, Arkansas.

I declare under penalty of perjury that the foregoing is true and correct.

Bill F. Doshier

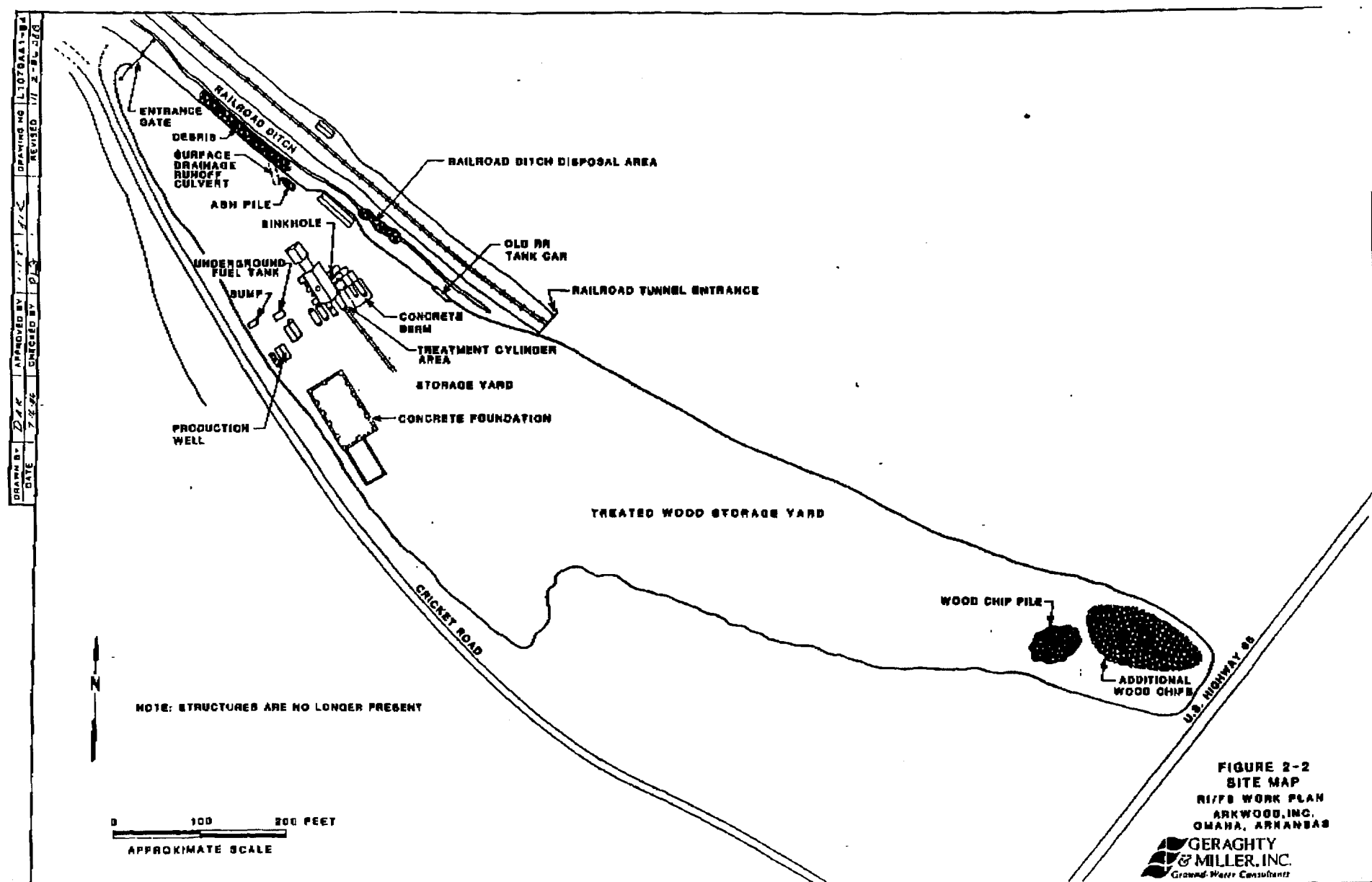
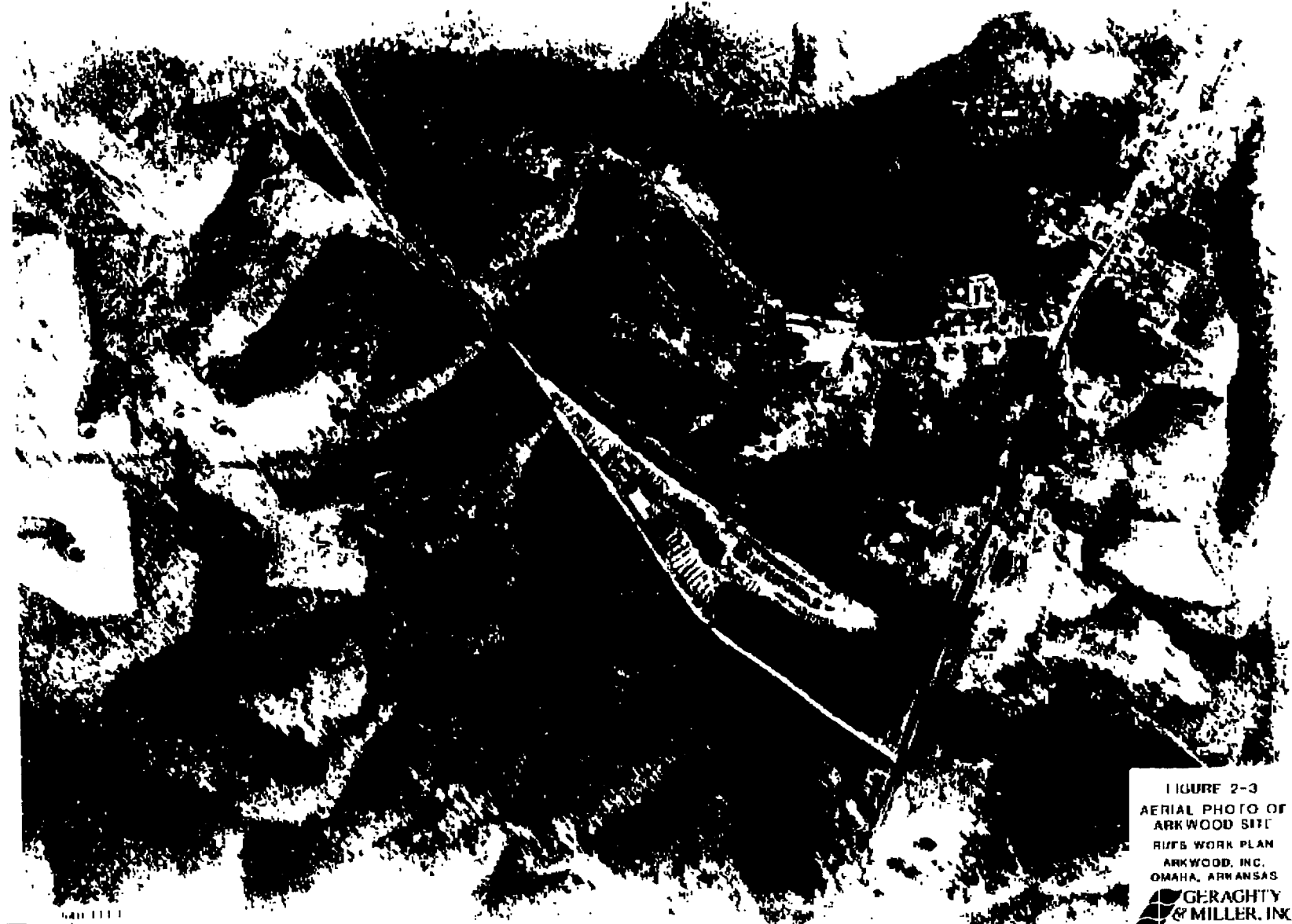


FIGURE 2-2
SITE MAP
RI/PS WORK PLAN
ARKWOOD, INC.
OMAHA, ARKANSAS

GERAGHTY & MILLER, INC.
Ground Water Consultants

DRAWN BY: S. J. M. APPROVED BY: [Signature] DATE: 10/28/84 CHECKED BY: [Signature] REVISED



0 100 200
Feet
SCALE

FIGURE 2-3
AERIAL PHOTO OF
ARKWOOD SITE
RIFE WORK PLAN
ARKWOOD, INC.
OMAHA, ARKANSAS
GERAGHTY
& MILLER, INC.
Ground-Water Consultants

SITE AGREEMENT

THIS SITE AGREEMENT (the "Agreement") is entered into this 31st day of December, 1987, by and between MASS MERCHANDISERS, INC. ("MASS"), an Indiana corporation, and HALLIE C. ORMOND, C. C. GRISHAM, MARY JO GRISHAM and MARY F. BURKE (hereinafter collectively, "the ORMOND GROUP").

Recitals

A. MASS and the ORMOND GROUP are contemporaneously herewith entering into a Settlement Agreement (the "Settlement Agreement") pursuant to which the parties are compromising causes of action between them involving the Arkwood, Inc. site, a parcel owned by MARY F. BURKE, of approximately twenty (20) acres of land south of the town of Omaha, in Boone County, Arkansas, bound on the north by a Missouri Pacific Railroad siding, on the south and west by a paved road, and on the east by Highway 65, as shown in Exhibit "A" hereto, or whatever enlarged or reduced parcel an applicable governmental entity deems to be within the RI/FS or cleanup area ("the Site").

B. Article 8 of the Settlement Agreement requires MASS and the ORMOND GROUP to enter into this Site Agreement.

NOW, THEREFORE, in consideration of the Settlement Agreement and of the following terms, covenants and conditions, the parties agree as follows:

1. While environmental investigation, cleanup, post-cleanup monitoring, or any other regulatory requirement remains in connection with the Site, the ORMOND GROUP will do the following with regard to the Site:

(a) Not interfere with the activities of EPA or MASS, their contractors or subcontractors in connection with the completion of a Remedial Investigation/Feasibility Study;

(b) Not take any remedial action without EPA's and MASS's prior written approval;

(c) Not undertake landscaping, including, without limitation, bulldozing, mixing soils or planting of vegetation or make any other alterations;

(d) Permit MASS, at MASS's expense, to direct in its sole discretion the course of any investigation or cleanup MASS deems appropriate or which is required;

(e) Not sell, assign, lease or otherwise convey, or cause to be conveyed, any Site property interests without MASS's prior written consent; and

(f) Otherwise give MASS, its contractors and subcontractors unconditional and unrestricted access for any purpose whatsoever.

2. The parties each warrant and represent to the other that none of them has heretofore assigned or transferred or purported to assign or transfer to any person or entity not a party hereto any released matter or any part or portion thereof, and each agrees to indemnify and hold harmless the other from and against any claim based on, in connection with or arising out of any such assignment or transfer or purported or claimed assignment or transfer.

3. This Agreement shall be binding on, and inure to the benefit of the successors and assigns of the parties. Nothing in

this Agreement, express or implied, is intended to confer upon any person or entity other than the parties hereto or their respective successors and assigns, any rights or benefits under or by reason of this Agreement. This Agreement shall not be assignable by any party hereto without the written prior consent of the other party. No such permitted assignment shall relieve a party of any of its obligations under this Agreement.

4. Each party shall maintain in confidence any information disclosed to it by the other party in the negotiations leading to this settlement, the contents of this Agreement and the consideration therefore (hereinafter collectively referred to as "such information") and shall take every precaution to prevent disclosure of such information to third parties, provided, (a) that MASS may disclose such information to its insurance companies and to the representatives of the former shareholders of MASS, and (b) that MASS may give a copy of this Agreement (in draft or final version) to EPA. Without limiting in any way the foregoing, the parties specifically agree not to issue any press releases or other public announcements regarding such information or the fact of the settlement. Each party shall take every precaution to disclose such information only to those employees, officers, directors and accountants who have a reasonable need to know such information. Any such information may be disclosed if the party is required to disclose it by legal process or for other appropriate legal reasons.

5. This Agreement and the Settlement Agreement represent and contain the entire agreement and understanding among the parties hereto with respect to the subject matter of this Agreement, and supercede any and all prior oral and written agreements and understandings, and no representation, warranty, condition, understanding or agreement of any kind with respect to the subject matter hereof shall be relied upon by the parties unless incorporated herein. This Agreement may not be amended or

modified except by an agreement in writing signed by the party against whom the enforcement of any modification or amendment is sought.

6. IN ENTERING INTO THIS AGREEMENT, THE PARTIES REPRESENT THAT THEY HAVE RELIED UPON THE LEGAL ADVICE OF THEIR ATTORNEYS, WHO ARE THE ATTORNEYS OF THEIR OWN CHOICE. THE PARTIES FURTHER REPRESENT THAT THE TERMS OF THIS AGREEMENT HAVE BEEN COMPLETELY READ AND EXPLAINED TO THEM BY THEIR ATTORNEYS, AND THAT THOSE TERMS ARE FULLY UNDERSTOOD AND VOLUNTARILY ACCEPTED BY THEM.

7. Each party and counsel for each party have reviewed this Agreement and accordingly the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

8. In the event that one or more of the provisions, or portions thereof, of this Agreement are determined to be illegal or unenforceable, the remainder of this Agreement shall not be affected thereby and each remaining provision or portion thereof shall continue to be valid and effective and shall be enforceable to the fullest extent permitted by law.

9. This Agreement is entered into in the State of Arkansas and shall be construed and interpreted in accordance with its laws.

10. This Agreement may be executed in any number of counterparts each of which shall be deemed to be an original, and all of which together shall be deemed one and the same instrument.

11. This Agreement may be pleaded as a full and complete defense to, and may be used as the basis for an injunction

against, any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of this Agreement.

12. If any legal action or any arbitration or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach or default in connection with any of the provisions of this Agreement, the prevailing party shall be entitled to recover its costs and a reasonable attorneys' fee in that action or proceeding, in addition to any other relief to which it or they may be entitled.

13. All notices given or required to be given hereunder shall be sufficient, if in writing and sent by certified mail, return receipt requested, addressed to the representative of the party, in the case of MASS to

McKesson Corporation
One Post Street
San Francisco, CA 94104
Attn: Office of the General Counsel

and in the case of the ORMOND GROUP to

C. C. Grisham
3525 Turtle Creek Boulevard
Apartment 3-C
Dallas, TX 75219

- and -

Bill Doshier, Esq.
Box 1797
Harrison, AR 72601

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All notices shall be deemed given when mailed. Either party by notice as provided herein may change the address to which subsequent notices may be sent.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

MASS MERCHANDISERS, INC.

By _____

HALLIE C. ORMOND

C. C. GRISHAM

MARY JO GRISHAM

MARY F. BURKE

By _____
C.C. Grisham, Attorney in Fact,
copy attached

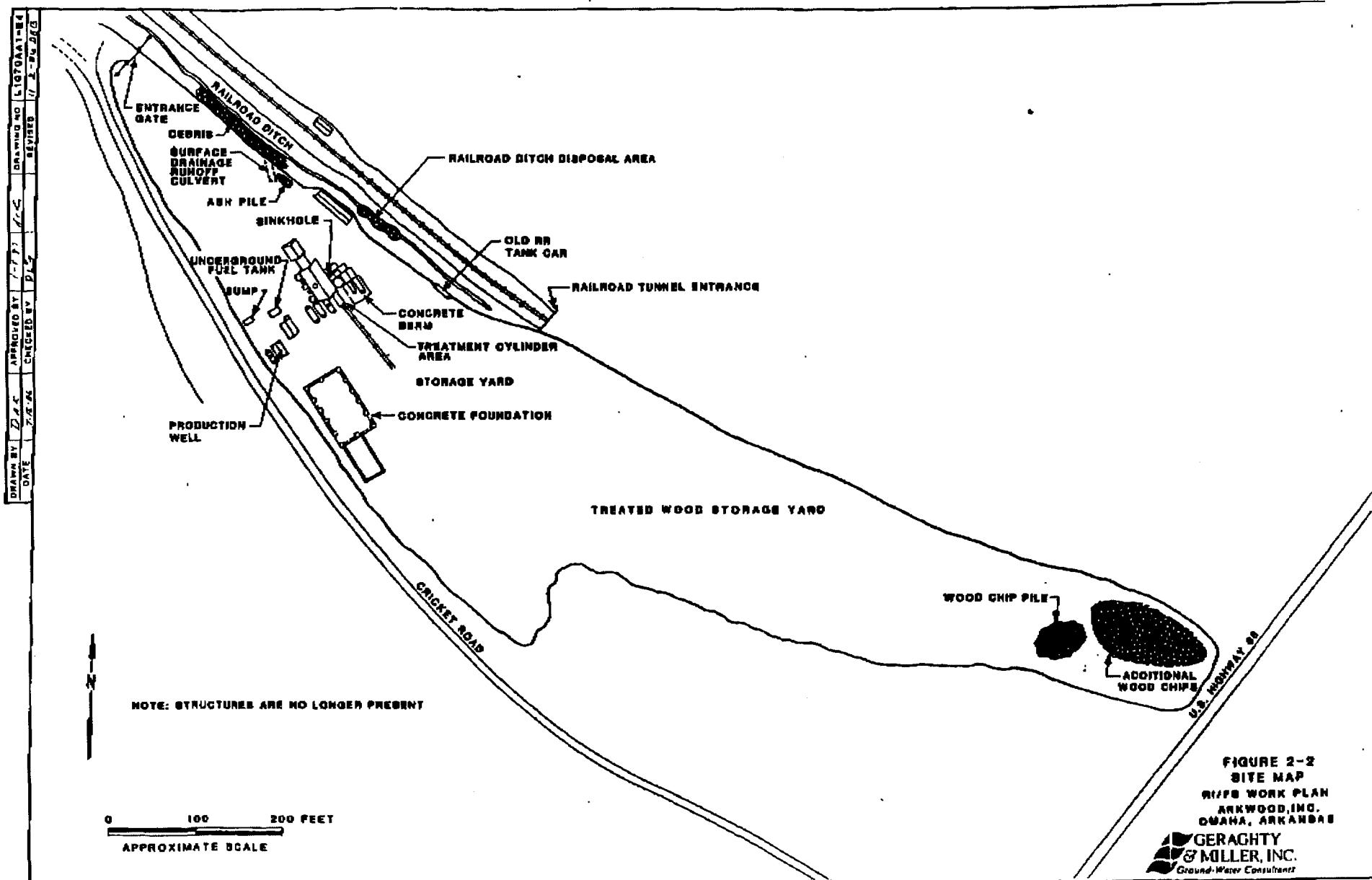
APPROVED AS TO FORM AND CONTENT:

MITCHELL, WILLIAMS, SELIG & TUCKER

By _____
Allan Gates
Attorneys for MASS

DOSHIER & BOWERS

By _____
Bill F. Doshier
Attorneys for the ORMOND GROUP



DRAWN BY J.A. APPROVED BY J.A. DRAWING NO. 032-033
DATE 04-26-99 CHECKED BY J.A. 032-033 REVISED



FIGURE 2-3
AERIAL PHOTO OF
ARKWOOD SITE
RHC'S WORK PLAN
ARKWOOD, INC
OMAHA, ARKANSAS
GERAGHTY
& MILLER, INC.
Ground Water Consultants

I, ROSE B. BIRMINGHAM, IN THE PRESENCE
OF BUD GRISHAM, GREG FIFE AND
CHARLES (BUDDY) SMITH ON AUGUST 12, 1987
TOLD AND FURTHER AGREED THAT SAID
BUD GRISHAM OR HIS ASSIGNS MAY
PERFORM ANY TYPE FENCE BUILDING
ON MY PROPERTY IN THE CRICKET SPRING
VICINITY. I HEREBY GRANT THE RIGHT
AND EASEMENT TO DO THIS FENCING AND
OTHER TASKS LISTED BELOW.

1. ERECT ANY TYPE SIGN.

2. ERECT ANY STRUCTURE, PUMP OR FILTER
OR FACILITY WHICH MIGHT HELP IMPROVE
THE CRICKET SPRING WATER QUALITY.

THE ABOVE STRUCTURES MAY REMAIN
ON THIS PROPERTY UNTIL BUD GRISHAM
OR HIS ASSIGNS DECIDE THEY ARE
NOT REQUIRED.

I, ROSE BIRMINGHAM, ALSO AGREE
TO INGRESS AND EGRESS FOR TESTING,
MAINTAINANCE, REPAIRS OR FOR ANY OTHER
REASON.

SIGNED Rose Birmingham

DATE August 9/12/87

WITNESS: CC Bud Grisham DATE: 9/12/87

WITNESS: Greg Fife (Greg Fife) DATE: 9/12/87

WITNESS: Buddy Smith DATE: 9-12-87

EXHIBIT "3"